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CENTURYTEL CENTER ARENA FUND,
 A Special Revenue Fund of the City of Bossier City, Louisiana

Financial Statements

December 31, 2002

(With Independent Auditors' Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. This report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 6/18/03

CENTURYTEL CENTER ARENA FUND
A Special Revenue Fund of the City of Baton Rouge, Louisiana

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3615 Texas Street, Suite 1000
Baton Rouge, LA 70801-0001

Independent Auditors' Report

The Honorable Members of the City Council
and the Honorable George Desmet, Mayor
City of Bossier City, Louisiana:

We have audited the accompanying financial statements of the CenturyTel Center Arena Fund, a special revenue fund of the City of Bossier City, Louisiana, as of and for the year ended December 31, 2002. These financial statements are the responsibility of the City of Bossier City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only the CenturyTel Center Arena Fund and do not purport to, and do not present fairly the financial position of the City of Bossier City, Louisiana as of December 31, 2002 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CenturyTel Center Arena Fund of the City of Bossier City, Louisiana, as of December 31, 2002, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 5 to the basic financial statements, the CenturyTel Center Arena Fund of the City of Bossier City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements in 2002*.



In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2003, on our consideration of the CenturyTel Center Area Fund of the City of Boulder City's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison schedule listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

March 31, 2003

CENTURYTEL CENTER ARENA FUND
A Special Revenue Fund of the City of Bossier City, Louisiana
Management's Discussion and Analysis - Unaudited
December 31, 2002

We offer readers of the CenturyTel Center Arena Fund of the City of Bossier City's (Arena) financial statements this narrative overview and analysis of the financial activities of the Arena for the fiscal year ended December 31, 2002.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1998. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Arena has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Overview of the Financial Statements

The MD&A is intended to serve as an introduction to the Arena's basic financial statements. The Arena's basic financial statements comprise two components: (1) fund financial statements, and (2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Arena, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Arena is composed of a single governmental fund.

Financial Analysis of the Arena Fund

Governmental Fund

The focus of the Arena's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Arena's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Arena's net resources available for spending at the end of the fiscal year.

The Arena has a fund balance of \$358,140, all of which may be used to meet the Arena's obligations to citizens. Of the Arena's assets totaling \$2,276,151, 14% is in cash. Fund balance reflected an increase of \$125,334 in 2002. The increase was a result of increasing revenues by approximately \$780,000 while maintaining indirect expenses at the same level as prior year. Expenses were increased as a result of an increased number of concerts booking the arena, which increased revenues while indirect expenses were not impacted by this activity.

Economic Factors and Next Year's Budget and Rates

When the budget for FY 2003 was prepared, the only economic factor considered was an expected increase in utility rates.

CENTURYTEL CENTER ARENA FUND,
A Special Revenue Fund of the City of Bossier City, Louisiana
Management's Discussion and Analysis - Unaudited
December 31, 2002

Requests for Information

This financial report is designed to provide a general overview of the Arena's finances for all those with an interest in the Arena's finances. Questions concerning any of the information provided in this report or requests for additional financial information, should be addressed to Director of Finance of the City of Bossier City, P.O. Box 5333, Bossier City, LA 71171, or by calling (318) 341-4525.

CENTURYTEL CENTER ARENA FUND,
A Special Revenue Fund of the City of Bossier City, Louisiana

Balance Sheet

December 31, 2002

Assets:	
Cash	\$ 1,689,968
Accounts receivable	318,073
Prepaid items	<u>362,580</u>
Total assets	\$ 2,278,131
Liabilities	
Accounts payable	\$ 388,109
Deferred revenue	685,585
Deposits	<u>1,818,297</u>
Total liabilities	2,891,991
Fund Balance:	
Reserved for prepaid items	362,580
Unreserved – undesignated	<u>(81,440)</u>
Total fund balance	281,140
Total liabilities and fund balance	\$ 2,278,131

See accompanying notes to financial statements.

CENTURYTEL CENTER ARENA FUND,
A Special Revenue Fund of the City of Boulder City, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year ended December 31, 2002

Revenues		
Direct event income	\$	382,891
Auxiliary income		982,588
Advertising		813,789
Luxury box income		559,124
Other income		<u>217,647</u>
Total revenues		<u>3,114,099</u>
Expenditures - current - culture and recreation:		
Executive		207,174
Finance		172,189
Operations		1,311,825
Marketing		694,826
Box office		603,976
Facility overhead		<u>979,515</u>
Total expenditures		<u>2,969,715</u>
Net change in fund balance		<u>124,314</u>
Fund balance, beginning of year		<u>54,806</u>
Fund balance, end of year	\$	<u><u>180,168</u></u>

See accompanying independent auditor's report.

CENTURYTEL CENTER ARENA FUND,
A Special Revenue Fund of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2002

(I) Summary of Significant Accounting Policies

The CenturyTel Center Arena Fund of the City of Bossier City (the *Arena*) is a separate accounting entity of the City of Bossier City (the *City*). The fund was established to account for the operations of the 14,000-seat multipurpose arena constructed by the City. The operations of the Fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures. The accounts of the *Arena* are reported as a Special Revenue Fund within the City's financial statements. The accompanying financial statements present only the CenturyTel Center Arena Fund and are not intended to present fairly the financial position of the City of Bossier City, Louisiana, and the results of its operations in conformity with accounting principles generally accepted in the United States of America.

(a) Basis of Presentation – Fund Accounting

During the current year, the *Arena* adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. See note 3 for additional information.

Governmental fund financial statements are provided for the *Arena*. The *Arena* consists of only one governmental fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the *Arena* considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Fiscal income for luxury tax sales and events and advertising income are susceptible to accrual and are recognized when earned or when the underlying transaction occurs. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred and has matured.

The accounts of the *Arena* are organized on the basis of fund accounting and are accounted for with a set of self-balancing accounts. The operations of the *Arena* are incorporated into one special revenue fund. Special revenue funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through this fund.

All items of capital assets used by the *Arena* are recorded in the financial statements of the City. Funds issued to fund the construction of the *Arena* are accounted for in the financial statements of the City.

(b) Accounts Receivable

Accounts receivable consists of amounts due from luxury tax rentals and advertisers.

CENTURYTEL CENTER ARENA FUND,
A Special Revenue Fund of the City of Boulder City, Louisiana

Notes to Financial Statements

December 31, 2003

(1) Deferred Revenue

The balance of deferred revenue represents advances received by the Arena on rentals of luxury box suites and advertising agreements. Income is recognized over the term of the rental agreement when earned.

(2) Cash

All cash deposits of the Arena are held by area financial institutions. At December 31, 2003, the carrying amount of the Arena's deposits was \$1,489,498 and the bank balance was \$1,739,681. The difference is due to outstanding checks and deposits in transit at December 31, 2003. The entire bank balance was either insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the pledging bank in the Arena's name at December 31, 2003.

(3) Related Party Transactions

Management Fee

The City has contracted with Leisure Management International (LMI) to manage the operations of the Arena through December 31, 2005, with additional renewal periods. Management fees are \$150,000 annually, payable in 12 equal installments, adjusted each year for changes in the consumer price index. For the year ended December 31, 2003, the base fee totaled \$152,000, which is reflected in the accompanying financial statements. In addition to the base fee, the City has also agreed to pay additional fees based on the performance of the operations of the Arena. For the year ended December 31, 2003, the incentive fee earned totaled \$121,600. At December 31, 2003, the Arena had a payable to LMI of \$136,300.

Food and Beverage

LMI has contracted with SMG Food and Beverage, LLC to provide the food and beverage concessions and catering at the Arena. For these services, SMG Food and Beverage, LLC receives four percent of the gross revenues collected in connection with the services they perform. For the year ended December 31, 2003, the Arena paid SMG Food and Beverage, LLC a fee of \$62,244 for their services. Also, at December 31, 2003, the Arena had a receivable from SMG Food and Beverage, LLC of \$121,280.

(4) Legal Violations

State law and the City Charter require that the total proposed expenditures shall not exceed the total of estimated funds available for the year. This law was violated when the Arena Fund was budgeted to have a deficit fund balance.

(5) Changes in Accounting Principles

For the year ended December 31, 2003, the Arena implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Combining*; GASB Statement No. 18, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

CENTURYTEL CENTER ARENA FUND,
A Special Revenue Fund of the City of Bossier City, Louisiana

Notes to Financial Statements

December 31, 2000

GAISS Statement No. 34 creates new basic financial statements for reporting on the Arena's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which had been the mode of presentation in previously issued financial statements. Implementation also required the inclusion of a management's discussion and analysis as supplementary information.

The implementation of GAISS Statement No. 34 had no effect on the opening fund balance of the Arena at December 31, 2001. Adoption of GAISS Statements No. 37 and 38 were required simultaneously with GAISS Statement No. 34 and resulted in additional disclosures. GAISS Interpretation No. 6 clarifies the modified accrual recognition of expenditures and liabilities to state that governmental funds should report matured liabilities and the related expenditures. At December 31, 2004, there was no effect on fund balance as a result of implementation of GAISS Interpretation No. 6.

CENTURYTEL CENTER ARENA FUND,
A Special Revenue Fund of the City of Boulder City, Louisiana

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual**

**Year ended December 31, 2002
(unaudited)**

	<u>Actual</u>	<u>Original and final budget</u>	<u>Variance with final budget positive (negative)</u>
Revenues:			
Direct event income	\$ 382,891	397,371	25,320
Auxiliary income	982,998	961,304	29,694
Advertising	937,189	988,899	29,789
Luxury box income	539,124	587,868	(8,344)
Other income	237,647	31,804	184,723
Total revenues	<u>3,180,849</u>	<u>2,899,927</u>	<u>289,122</u>
Expenditures – current – culture and recreation:			
Executive	287,374	311,303	4,328
Finance	132,898	181,896	11,187
Operations	1,101,879	1,136,133	(199,684)
Marketing	190,828	181,782	(8,248)
Box office	107,976	119,916	11,948
Facility overhead	979,913	1,134,879	159,964
Total expenditures	<u>2,694,213</u>	<u>2,866,817</u>	<u>(117,718)</u>
Net change in fund balance	<u>125,334</u>	<u>(100,000)</u>	<u>232,344</u>
Fund balance, beginning, of year	<u>54,806</u>	<u>54,806</u>	<u>—</u>
Fund balance (deficit), end of year	<u>\$ 180,148</u>	<u>(12,244)</u>	<u>232,344</u>

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

CENTURYTEL CENTER ARENA FUND,
A Special Revenue Fund of the City of Bossier City, Louisiana

Notes to Budgetary Comparison Schedule

(December 31, 2002)

(unaudited)

Budget and Budgetary Accounting

The City utilizes formal budgetary integration as a management control device for the Arena. The City adopted a budget for the Arena using the following procedures:

- (1) Prior to October 15, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) A public hearing is then conducted, after proper official journal notification, to obtain taxpayer comments.
- (3) Prior to December 15, the budget is legally enacted through passage of an ordinance.
- (4) The budget ordinance is structured such that revenues are budgeted by source, and appropriations are budgeted by department and by principal object of expenditure. The City Charter provides that expenditures may not legally exceed appropriations on a departmental basis, which is the same as the fund basis for the Arena, after considering fund surpluses or deficits. The City Council may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. No amendments to the budget were made and adopted by the City Council during 2002.
- (5) The basis of accounting applied to budgetary data presented is substantially consistent with the basis of accounting for the Arena. Appropriations that are not expended prior to year-end, except appropriations for capital improvements, which do not lapse until the purpose of the appropriation has been accomplished or abandoned.

Excess of Expenditures Over Budget

At the legal level of control, the Arena recorded budget by \$17,178.



100 Texas Street, Suite 1900
Bossier City, LA 71021-2602

**Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

The Honorable George Denson, Mayor
and Members of the City Council
City of Bossier City, Louisiana

We have audited the financial statements of the CenturyTel Center Arena Fund (the Arena), a special revenue fund of the City of Bossier City, Louisiana (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated March 20, 2003, which includes an explanatory paragraph due to changes in accounting principles in 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Arena's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 92-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Arena's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the City in a separate letter dated March 21, 2003.



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This report is intended solely for the information and use of the Mayor, City Council, management, the State of Louisiana Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 21, 2005

**CENTERTEL CENTER ARENA FUND,
A Special Revenue Fund of the City of Boulder City, Louisiana
Schedule of Findings and Questioned Costs
Year ended December 31, 2002**

Item: 92-1

Criteria or applicable requirement: State law and the City Charter require that the total proposed expenditures shall not exceed the total of estimated funds available for the year. This law was violated when the Arena Fund was budgeted to have a deficit fund balance.

Condition: The 2002 budget for the Arena Fund budgeted a fund deficit of \$51,504.

Questioned Costs: None.

Context: The City was not in compliance with state law.

Effect: The City was not in compliance with state law.

Cause: Unbalanced.

Recommendation: The City should take steps to ensure that future budgets are balanced as required by state law and the City Charter.



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Wang, J. L. 2000.

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The Honorable George Dement, Mayor
and Members of the City Council
City of New Orleans, Louisiana

We have audited the financial statements of the Cemetery/El Centro Arena Fund (the Arena), a special revenue fund of the City of Boulder City, Louisiana (the City) for the year ended December 31, 2002, and have issued our report thereon dated March 21, 2003, which includes an explanatory paragraph due to changes in accounting principles in 2002. In planning and performing our audit of the financial statements of the Arena, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other corrective actions and are summarized as follows:

Figure 1

While we did not identify any noncompliance issues with respect to the Arena's compliance with state bid laws, we did note instances in which the Arena purchased items that fell within the range of \$300 to \$15,000 for which three written or oral quotes were not obtained. Three instances were explained and resolved to our satisfaction; however, we recommend the Arena maintain documentation of their reasons for not obtaining bids or quotes in all instances. Also, purchases by vendor should be monitored and, in instances where repeat purchases of items from a vendor meet certain dollar thresholds, consideration should be given to whether bids should be requested for such items.

Management's response – Future purchases will note exceptions for not obtaining three written or oral quotes. Additionally, a procedure will be established to monitor the purchases from recurring vendors for repeat violations to determine if the purchases meet critical dollar thresholds.

Age Group	Total (%)	Male (%)	Female (%)	Unknown (%)
18-24	12.5	13.2	11.8	12.0
25-34	18.3	19.1	17.5	18.0
35-44	22.1	23.0	21.2	22.0
45-54	25.4	26.5	24.3	25.0
55-64	20.8	21.5	19.8	20.0
65-74	14.2	14.8	13.5	14.0
75+	6.7	6.9	6.4	6.0

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the 2002 financial statements, and this report does not affect our opinion on those financial statements dated March 11, 2003. We have not considered internal control since the date of our report.

[illegible]

The Honorable George Denson, Mayor
and Members of the City Council
City of Bossier City
March 21, 2013
Page 2

This report is intended solely for the information and use of the Mayor, City Council, management, the State of Louisiana Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the assistance and cooperation of all of the personnel of the Agency. We will be pleased to discuss these comments and recommendations with you at any time.

Very truly yours,

KPMG LLP